

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Boston Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule and Revised Appropriation for FY19

DATE: September 25, 2018

Revised Appropriation for FY19: **\$283,189,199**

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY19 and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.75% to 7.50% and an adjustment to the fully generational mortality assumption. The schedule also reflects an increase in the COLA base to \$14,000.

The revised allocation by governmental unit is as follows:

City	230,274,035
Housing Authority	13,979,129
Redevelopment	2,668,562
Water and Sewer Commission	11,956,947
Sheriff of Suffolk County	3,874,532
Public Health Commission	20,435,994

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Inactive Sheriff Liability	(4) Amortization of Remaining Unfunded Liability	(5) Crossover Payment Savings	(6) Savings from Additional Payment in Fiscal 2011	(7) Actuarially Determined Contributions (2) + (3) + (4) + (5) + (6)	(8) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(9) Percent Change From Prior Year
2019	\$59,081,988	\$3,845,773	\$244,211,085	-\$14,570,160	-\$9,379,487	\$283,189,199	\$1,567,907,880	--
2020	61,237,942	3,845,773	267,117,374	-14,570,160	-9,379,486	308,251,443	1,429,310,772	8.85%
2021	63,471,993	3,845,773	292,163,576	-14,570,160	-9,379,486	335,531,696	1,269,711,303	8.85%
2022	65,786,952	3,845,773	319,543,172	-14,570,160	-9,379,486	365,226,251	1,072,336,611	8.85%
2023	68,185,732	3,845,773	349,466,915	-14,570,160	-9,379,486	397,548,774	831,719,675	8.85%
2024	70,671,349	3,845,773	382,164,364	-14,570,160	-9,379,486	432,731,840	541,775,507	8.85%
2025	73,246,927	3,845,773	215,834,109	-14,570,160	-9,379,486	268,977,163	195,730,232	-37.84%
2026	75,915,703	0	0	0	0	75,915,703	0	-71.78%
2027	78,681,029	0	0	0	0	78,681,029	0	3.64%
2028	81,546,377	0	0	0	0	81,546,377	0	3.64%
2029	84,515,342	0	0	0	0	84,515,342	0	3.64%
2030	87,591,651	0	0	0	0	87,591,651	0	3.64%

Notes: Actuarially determined contributions are assumed to be paid on July 1.

Actuarially determined contribution for fiscal year 2019 is set equal to the budgeted amount determined with the prior valuation (adjusted for the increase in the COLA base).

Item (2) reflects 3.25% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for new hires.

Projected unfunded actuarial liability reflects deferred investment gains.

Payment of \$12.0 million made on September 7, 2018 is reflected in the unfunded actuarial accrued liability as of July 1, 2019.